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DIRECTORATE OF  
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**C** Vietnam:

South Vietnam: The Communist offensive has continued at the relatively slower pace of the past few days.

The only significant ground action involved fairly heavy enemy attacks against South Vietnamese units just south of the Demilitarized Zone and near the Cambodian border in III Corps. Saigon, Hue, and Da Nang were generally quiet.

North Vietnam: Air defense preparations in North Vietnam are going ahead at a rate which suggests that the Communists are planning the kind of additional military action in the South which runs a high risk of US retaliation in the North. Far-reaching air and civil defense measures are in train which probably would not be necessary if the Communists were not planning to increase the level of action in the South. The evidence so far suggests that the North Vietnamese are preparing for the possibility that retaliation may come as air strikes against targets in or around their major population centers rather than in the form of a sustained program of air attacks to impede the southward flow of men and material.

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East Germany - Berlin: The East Germans are apparently intensifying their harassment of freight traffic moving to and from West Berlin.

They continue to bar the transport of goods which they claim are war materiel, and have turned back 25 shipments of printed matter.

They have also continued their propaganda about alleged production of military goods in West Berlin. Yesterday an East German paper claimed that the Soviet note of 28 February, which asked Pankow to consider measures to stop the flow of military goods, had "empowered" East Germany to prevent the West Germans from illegally using East German traffic routes. The paper asked rhetorically whether anyone seriously believed East Germany would tolerate much longer the misuse of its "air, land, and water" routes.

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Czechoslovakia: Gustav Husak, chief of the autonomous Slovak Communist Party, has laid down a tough line designed to restore order and discipline.

Husak got the Slovak party central committee to adopt a resolution on 12 March asserting the exclusive political primacy of the party and calling for an end to dissidence under the threat of loss of jobs and party membership. He called the present situation "anarchy" and said that ultraliberals as well as conservatives must be brought under control or silenced. He severely criticized the free-wheeling news media and made public the ousting, over a month ago, of his ideological chief for failure to accept the conservative view on the reason for the Soviet invasion, and because of policy disagreements on other questions.

Husak seems to have strengthened his grip on the top echelons of the party. He added a number of his own people to the policy-making party presidium and the secretariat, which acts as the day-to-day executive.

Husak's counterpart, hard-line Czech party leader Lubomir Strougal, also addressed the committee. He agreed fully with Husak, and noted that Slovakia was far ahead of Bohemia and Moravia in consolidating the party's hold. He urged the constructive use of state power as leverage to regain dominance for the party. Strougal, like Husak, emphasized that normalization of party life would not be possible unless good relations with the Soviets were restored.

As long as the chiefs of the two constituent parties hold such views, Dubcek and his predominantly liberal and moderate supporters in the national leadership will find it difficult to accomplish planned reforms. [redacted]

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United Kingdom: Britain's position in international payments took a sharp turn for the worse last month. The British incurred a seasonally adjusted deficit of about \$150 million in merchandise trade.

Imports edged up \$30 million despite the braking effect anticipated from the restrictive measures adopted last November. Even more discouraging was a fall of \$96 million from the January figures for exports, which generally have expanded rapidly since devaluation of the pound in November 1967. This decline is the largest since devaluation, and is only partially explained by the dock strike at eastern ports in the US.

The mood in Britain with respect to trade prospects is increasingly pessimistic. In late February the Bank of England raised the discount rate from seven to eight percent, thereby signaling its anxiety over the failure of banks to restrict credit and thus help to reduce imports. Further measures to shrink domestic demand are expected next month, when the government's new budget will be announced.

Earlier this month an authoritative British research institute estimated that the government's goal of attaining an annual rate of surplus in international payments of \$1.2 billion during 1969 was unrealistic. After some improvement through the third quarter, this survey said, the trade position will deteriorate in the final months of the year.

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France: De Gaulle has opened his campaign to get a large affirmative vote in the national referendum on 27 April.

Having surmounted the challenge of this week's general strike, De Gaulle is preparing for a test of strength with the opposition in the referendum on senate and regional reform. In his speech on 11 March, he did not put his job on the line as he has in the past, but his prestige and political position are clearly at stake. In view of this, all major opposition parties and Communist and non-Communist labor leaders have come out strongly for a "no" vote.

De Gaulle's tactics are familiar. By condemning his opponents as "ambitious and embittered people" intent on destroying "the currency, the economy, and the Republic," he appealed once again to conservatives and moderates whose reactions to last May's crisis brought about the Gaullist landslide in June.

De Gaulle has never lost on a referendum, and he is not likely to next month. This time, however, he is up against not only the concerted opposition of the political left but also widespread public apathy. He will probably give at least two more nationally broadcast speeches during the campaign and do all he can to convince the voters that the referendum gives them a choice between "progress and upheaval."

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Pakistan: President Ayub's announcement that he had reached agreement with the opposition appears to have been disavowed almost immediately by the key East Pakistani opposition leader.

Ayub made his announcement yesterday at the conclusion of the government-opposition round table conference. He asserted that agreement had been reached on the basic issues of adult franchise and a federal parliamentary system. Other matters, including the future relationship of East and West Pakistan and the basis of representation in parliament, had been discussed but not settled, he said. He indicated that he would ask the National Assembly to effect the agreed-upon constitutional changes and leave the unresolved questions to be settled by representatives elected under the new system.

The initial reaction of East Pakistani leader Mujibur Rahman leaves the extent of agreement in doubt. Mujibur--a long-time advocate of autonomy for East Pakistan--called the conference a complete failure because it had not resolved fundamental regional issues. Mujibur almost certainly believes that he cannot afford to support an agreement which contains no concessions to improve East Pakistan's position relative to West Pakistan. He also stated he had pulled his party out of the moderate eight-party opposition coalition which had been negotiating with Ayub. Several hours later another opposition party spokesman announced that the coalition had been dissolved since its basic goal had been achieved.

It seems unlikely that any agreement can be effected without Mujibur's cooperation. He commands widespread support in restive East Pakistan, which has 56 percent of the country's population but has been underrepresented in the government. Ayub has warned that if a workable compromise is not reached

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he will propose his own solutions. The agreement he announced yesterday is probably as far as he wants to go.

There are persistent rumors that martial law will soon be declared. Conditions are approaching anarchy in East Pakistan, where the provincial government has virtually abdicated its authority to student leaders. [redacted]

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Communist China: Important posts in Peking's central military establishment are gradually being filled as the armed forces seek to recover from the disruptive effects of the Cultural Revolution.

The large-scale purge of 1966 not only hit officials at the General Staff level and above but also eliminated many at the intermediate level, including leading officers of the major combat and support branches. Until recently, replacements that were announced were at the top levels in the General Staff and its senior body, the Military Affairs Committee.

Now it appears that assignments are finally being made in certain secondary positions vacant for over two years. For example, new officers were recently appointed to both the Artillery and the Railway Engineer Corps. These identifications were made in a recently available North Vietnamese newspaper account of a diplomatic reception in the Chinese capital last December. Peking rarely gives precise positions of military officers at this level.

The new political commissar of the Artillery Corps is Yang Chun-sheng, who, as late as last October, was a relatively obscure official in the Peking Garrison Command. His sudden rise to prominence and his previous assignment with the Peking Garrison suggest that he is being rewarded for political work.

Chen Jen-chi, who had served as political commissar of the Artillery Corps since 1961, is now its commander. Chen's lateral shift is an example of how the distinction between these two functions has been blurred as a result of the Cultural Revolution.

(continued)

Chang I-hsiang, identified as deputy director of the Military Training Department of the General Staff as recently as spring 1968, is the new commander of the Railway Engineer Corps. His appointment probably dates to mid-1968, when he first began appearing with other branch chiefs at leadership turnouts in Peking.

There are still many other key positions that remain to be filled in the central headquarters as well as in the regional command structure. The army's deep involvement in the political struggle in China over the past two years virtually ensures that even greater weight than before will be given to political considerations in the selection of new officers.

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